PX 499

Message

From:	Dinuka Samarasinghe [█████@ripple.com]
Sent:	1/30/2020 1:33:33 PM
To:	█████████@ripple.com]
CC:	Asheesh Birla [██████@ripple.com]; Ron Will █████@ripple.com]; ████████@ripple.com]; ████ ███@ripple.com]; Breanne Madigan █████@ripple.com]; ██████@ripple.com]; ███ █@ripple.com]; █████████@ripple.com]; ████████@ripple.com]
Subject:	Re: ODL Loans
Attachments:	image004.png; image002.png

Dear Ron,

-

- Our **market makers have enough working capital to support projected ODL flows through the beginning of next week.**

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- In order to support MGI's ramp plan, we need additional working capital next week:

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o

o The **shortfall of working capital is roughly** █████ **for ramp starting on Tuesday, 2/4,** roughly █████ **for end of February projected volumes**

Separately, as a reminder, we are adding another lower-cost MM into Mexico (███. We've sent ██████ executed exchange order for ████ and we expect them to slowly ramp and capture a more significant share of volume there, which should help defray ongoing capital requirements as we scale.

Please let us know if there is anything else beyond ███████email that you need from the cross functional team for us to get an approval for the ODL loans to the market makers.

Thank you.

Dinuka

On Tue, Jan 28, 2020 at 10:31 PM ████████████@ripple.com> wrote:
Hi Ron & Asheesh,

Thanks for your patience as the cross functional team (data, finance, markets, product, AM) met yesterday and today. We discussed the discrepancy in the $ value forecast that was approved by the board and the additional $ value needed to supply market makers with adequate liquidity.

A summary of the situation and proposed adjustments is below. Please let us know if you have any questions.

Thanks,

████████

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TL/DR: MGI accounts for ~90% of ODL activity today ($ and transactions). Unlike other customers, MGI transaction projections are not an accurate predictor of $ value which led to an inaccurate $ value forecast for ODL in Q1. We need to increase the $ value forecast to ensure our liquidity providers can support MGI.

What happened?

1.   MGI transaction numbers are healthier than expected
a.   The expectation for MGI Q1 transactions was set at ███ in December (and then raised to ███ in early Q1). The MGI transaction programmer, which breaks large payments into smaller sizes, was broken through most of Q4 and viewed as a risk to MGI transaction numbers in Q1.
b.   At the current run rate (4-week moving average), MGI is expected to send ███ transactions in Q1; at the high end forecast, they could send as many as ███ this quarter. Their desire to optimize rates with lower value payments is influencing the ATV reduction.
2.   MGI is an anomaly → their target transaction # is not directly correlated to $ value
.   Risk associated with the transaction programmer should have only impacted # of transactions, not the $ forecast. MGI still continues to ramp $ value each week - even if the # of transactions is smaller than expected.
3.   In calculating the $ value for the board projections, historical ATVs for customers and their destination currencies were assumed; therefore, the lower transaction # decreased the projected $ volume for ODL.

Current State

The updated (1/28/20) mid-point forecast for transaction # and $ value is ███ **transactions and** ███ **in Q1**. The high end forecast is ███ transactions and ███ in $ value.

As of 1/1/20, MGI represents ███ of ODL $ value and ███ of ODL transactions, as such, MGI's behavior has the greatest influence on projections. Thus far, MGI has been operating at-plan for $ value sent whereas their transaction targets are less consistent. This explains the closer mid and high projections in $ value and a wider spread on the mid and high transaction # projection.

The original ███ ODL transaction forecast assumed MGI would utilize ATVs consistent with Q4'19 transactions. The ███ high end ODL transaction forecast assumes MGI will continue testing lower ATVs across their new corridors. For now, we will assume a continuation of MGI's existing Q1 ATVs (with a ███ near-term and ███ medium-term discount due to transaction programmer risk) for a mid-point transaction forecast of ███ **for ODL in Q1**. The team will work with MGI to clarify the transaction ATV plans this week.

Q1 '20 ODL Forecast (revised 1/28/20)	Presented to Board	Revised Mid-Forecast	Revised High-Forecast
# of Transactions			
$ Volume			
Incremental USD Loan Required			

Approach going forward

1. **Improve coordination** Source of truth for forecasts is this 'ODL Forecast' document.
   - Data Science is the central hub for these forecasts and projections across all senders accounts and corridors. - ▮▮▮▮
   - Continue updating forecasts with AM and BD teams each week (ongoing) - ▮▮▮▮
   - Schedule check in between Data team and Markets on Fridays - @Dinuka
2. **Project lower, mid and upper bound forecasts (** ▮▮▮▮
   - Product will use mid-forecast for transaction #s to inform progress towards OKRs
   - Markets team will use upper bound to on $ volume to guarantee liquidity at exchanges

3. **Continue to follow the existing process to increase market maker loans.** - @Dinuka with @██████

   o   If request deviates from projections, need to go back to Ron / Brad for approval

On Fri, Jan 24, 2020 at 3:39 PM ██████████ @ripple.com> wrote:
Hey Asheesh and Ron,

We plan to have an updated summary for you on Monday afternoon. ██████ and Dinuka met this afternoon to update some of the figures but we would like to discuss as a team across markets, BD, AM, data and product before finalizing.

Shout if Monday afternoon isn't workable and we can find an alternative.

Happy weekend,

██████

On Fri, Jan 24, 2020 at 1:50 PM Asheesh Birla < ██████ @ripple.com> wrote:
██████ do we have a summary available for Ron ?

On Fri, Jan 24, 2020 at 9:37 PM Dinuka Samarasinghe < ██████ @ripple.com> wrote:
I have a meeting set up for Monday 12:30pm-1pm PT (3:30-4pm ET) to sync the data science, product, finance, markets, and customer success teams on a Q1 volume projection and resulting working capital projection.

Dinuka

On Fri, Jan 24, 2020 at 4:32 PM < ██████ @ripple.com> wrote:
All,

The MGI ramp plan is something that has been closely coordinated and shared. We have stayed very close to the ramp plan as it has been a major focus for MGI as relates to their financials forecasting. In mid-Dec they were tracking at ██████ **day**, which with no ramp would be over $██████ in Q1, assuming no further ramp. We are close to maxing out on their AUD outbound volume (split across USD and PHP receive), but still have significant room to ramp in USD>MXN/PHP and EUR>USD.

I have still been maintaining the forecast update for MGI in the V2 sheet as the 2.1 was still labeled "Test", but even in the 2.1 Test sheet it is showing nearly ██████ in volume from MGI in Q1 alone.

I hope that helps, but please let me know if there is anything further you need from me. Happy to jump on a call as well if necessary.

Regards,

██████

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From: ██████████████ @ripple.com>
Sent: Friday, January 24, 2020 12:28 AM
To: Dinuka Samarasinghe <███████@ripple.com>; ██████████████@ripple.com>
Cc: ██████████@ripple.com>; Ron Will <██████@ripple.com>; Asheesh Birla <████████@ripple.com>;
Breanne Madigan <████████@ripple.com>; █████████@ripple.com>; █
<██████@ripple.com>; ████████████████@ripple.com>
Subject: Re: ODL Loans

████████████

Thanks for flagging, all. As ████ noted (and has been communicated via the ODL WBR + Weekly Program
Updates, etc), the current ODL transaction goals and $ volume estimates by quarter for 2020 are below.

	Q1	Q2	Q3	Q4
Txn	███████████████████████████████			
$ Vol				

We have moved ~████ via ODL so far in Q1 with MGI making up >████ of the $ amount. MGI is an
unexpectedly high % of total ODL transactions this quarter and they have a higher ATV (generally). So, if
MGI volume continues to ramp (████ sent last week, expecting ████ this week, etc), we should revisit
the $ vol numbers for Q2-Q4 2020. The focus of the 2020 forecast from our team was around transactions
and the corresponding OKR and we are roughly on track there - currently forecasting ████ transactions
for Q1.

Dinuka is correct that we decided to use the data science team as the central source of truth for all ODL
forecasts (transactions + $ volume). ████████ cc'd) has been instrumental in working with Product,
Account Management and Business Development on a weekly basis and tracks these figures here: ODL
Forecast V2.1 - 2020 TESTSHEET.

Let's sync up offline with ████████ and others and be sure everyone is aligned on which file she is
using with BD / AM teams

Thanks all

████████

On Thu, Jan 23, 2020 at 6:57 PM Dinuka Samarasinghe <██████@ripple.com> wrote:

Hi ████

Thank you for your email.

I understand that Product may have a lower transaction number OKR. However, in partnering with market makers to provide liquidity to ODL corridors, we need to use fiat notional values as we need to work towards deploying working capital on exchange. While a large number of transactions had been planned through ████ those are high transaction count, low notional volume. And we understand that a significant reason the transaction count has been lowered is due to ████ having difficulty hitting hoped for numbers. That being said, the bulk of notional volume that needs to be supported is comes through MGI's order flow.

In discussing with ████████ two days ago, we were told that the goal of the MGI treasury team is get to ████/day, which would be ████ of the volume for their corridors today. Of course, the speed that they ramp to that goal may have changed, and may not be reflected in the linked spreadsheet.

As Mr. ████ is closest to MGI, I'd like him to weigh in as well for what we expect for projected volumes.

Thank you.

Dinuka

On Thu, Jan 23, 2020 at 9:34 PM ████ <██@ripple.com> wrote:
> Hi Dinuka,
>
> @Asheesh Birla and ████████ should weigh in on the correct volume expectations. There's a *significant* discrepancy between the file you're linking and what Asheesh agreed to with Brad on the goal for Q1 ODL volume.
>
> The forecast you linked point to ████ transactions for ████ in Q1 '20 - a ████ jump from ████ transactions and ████ last quarter. Does that pass the smell test?
>
> The OKR goal for Q1 is ████ ODL transactions, which equates to ████ in volume and would not require any incremental loans in the quarter. The budget is linked to the OKR goal, so if Ron and Brad approved increasing the budget to support ████ transactions, the OKR target should also go up accordingly.
>
> Thanks,
> ████
>
>
> On Thu, Jan 23, 2020 at 6:17 PM Dinuka Samarasinghe <██@ripple.com> wrote:

For projected ODL volumes, we have been using ODL Forecast V2, which the XRP Markets team has been using as the source of truth since roughly late October / early November. This sheet is currently showing the following projected ODL volumes through the end of March (for market maker supported exchanges):

	Sent_Currency	Receiver_Currency		
	AUD	BRL	MXN	PHP
	Daily Avg Vol $	Daily Avg Vol $	Daily Avg Vol $	Daily Avg Vol $
02-03-2020				
02-10-2020				
02-17-2020				
02-24-2020				
03-02-2020				
03-09-2020				
03-16-2020				
03-23-2020				
03-30-2020				

As the XRP Markets team is a consumer of this data, please let us know if there is a different source of truth, or more accurate numbers are reflected elsewhere.

Thank you.

Dinuka

On Thu, Jan 23, 2020 at 9:06 PM Ron Will < ███ @ripple.com> wrote:

Team

I just looked at the latest request for ODL loans to market makers - and it is coming up with significantly more $s than budgeted, presented to the board and approved just last week.

I'll have ███ take the lead here - but to be clear - the cash loan forecast cannot be increased without approvals from myself and Brad - and will need to involve not only justification but an increase in the OKR as part of the rationale.

Seems like we potentially have different volume expectations between Product, BD and XRP Markets - can validate that and if the case make sure we have a single forecast that we are all using?

Best,

Ron

--

Ron Will

Chief Financial Officer | Ripple

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Dinuka Samarasinghe

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